

Message Text

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ORIGIN AF-08

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FM SECSTATE WASHDC
TO AMEMBASSY OUAGADOUGOU
INFO AMEMBASSY ABIDJAN
AMEMBASSY NDJAMENA
AMEMBASSY BAMAKO
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C O N F I D E N T I A L STATE 074947

E.O. 11652: N/A

TAGS: BEXP, UV, US

SUBJECT: PAN AFRICAN AIR INDUSTRIES (PAAI)

REFS: (A) LONDON 5211, (B) OUAGADOUGOU 1081

1. AF/W RECEIVED FULL BRIEFINGS ON CURRENT STATUS PAAI
MARCH 30 FROM COL. ROBERTSON, AND MARCH 31 FROM PAAI
SHAREHOLDERS PAXTON, GENERAL BARRON, ROBERTSON, PAAI
ATTORNEY CONTRUCCI. IN BRIEF PAAI HAS RECEIVED BRIDGE
LOAN FROM EUROLATIN, BUT IN ORDER TO REPAY THIS LOAN AND
SECURE REMAINDER OF PURCHASE PRICE, ROBERTSON HAS ASSIGNED
AIRCRAFT TO PAXTON (PRES. PAXTON VAN LINES), AND GRANTED
PAXTON RIGHT TO VOTE HIS SHARES (70 PERCENT) IN PAAI.

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PAXTON SAYS AIRCRAFT WILL BE USED IN MOST PROFITABLE
AVAILABLE FASHION WORLDWIDE, BUT THAT WEST AFRICAN ELEMENTS
OF ORIGINAL PLAN WILL NOT BE IGNORED.

2. COL. ROBERTSON SUMMARIZED HIS EFFORTS IN OUAGADOUGOU,
ABIDJAN, AND LONDON TO LINE UP FINANCING FOR THE BELFAST
AIRCRAFT AND TO WORK OUT INTERIM AIR FREIGHT AGREEMENTS

TO TIDE PAAI OVER UNTIL SAHEL AIR FREIGHT PROPOSAL RECEIVED UPPER VOLTA GOVERNMENT APPROVAL. ROBERTSON CONCLUDED THAT HIS EFFORTS, WHILE PROMISING AT MANY STAGES, HAD BEEN UNSUCCESSFUL, AND THAT THE ONLY WAY TO CARRY THROUGH THE BELFAST PURCHASE WAS THROUGH THE 45-DAY STEWARDSHIP ARRANGEMENT WITH EUROLATIN COMMERCIAL CO., LIMITED, DESCRIBED IN REFTEL. HE EXPRESSED DOUBT THAT PAAI ALONE COULD OBTAIN NECESSARY FINANCING AND THEREFORE AIRCRAFT WOULD GO TO PAXTON -- OR MORE ACCURATELY, TO PAXTON VAN LINES. (ROBERTSON SENT CABLE TO VOLTAN MINISTER OF TRANSPORT REQUESTING BELFAST DEMONSTRATION FLIGHT (REFTEL B).) AS PART OF ARRANGEMENT, ROBERTSON WOULD NEED TO ASSIGN VOTING RIGHTS OF HIS PAAI SHARES TO PAXTON.

3. ON FOLLOWING DAY ENTIRE PAAI GROUP (AFTER SEPARATE MEETING AMONG THEMSELVES) MET WITH AF/W DIRECTOR, DEPUTY DIRECTOR, AND ALTERNATE DESK OFFICER TO CONFIRM ROBERTSON'S ASSESSMENT. PAXTON FELT RESENTMENT THAT SOME OF THE BANKERS HE HAD APPROACHED FOR FUNDING HAD LET HIM KNOW THAT WORD WAS OUT THAT THERE WAS DISSENSION WITHIN PAAI, AND BANKERS THEREFORE RELUCTANT TO FINANCE BELFAST DEAL. (WE DENIED IMPLICATION THAT CRITICAL COMMENTS HAD ORIGINATED WITH DEPT. AND NOTED THAT NO BANK HAD REQUESTED DEPT VIEWS.) BARRON AND PAXTON, WITH THE ACKNOWLEDGEMENT OF ROBERTSON, FELT THAT THE EUROLATIN ARRANGEMENT, WHICH WAS BASED ON PAXTON'S OWN PERSONAL NET WORTH AND THAT OF HIS COMPANY PAXTON VAN LINES, HAD BEEN CRUCIAL IN PUTTING TOGETHER THE EUROLATIN FINANCING PACKAGE. PAXTON STILL TRYING TO LINE UP REQUIRED FUNDS WITHIN THE 45 DAY

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STEWARDSHIP ARRANGEMENT BUT EVEN IF HE AND PAXTON VAN LINES GOT CONTROL OF THE AIRCRAFT, WHICH WAS STRONG POSSIBILITY, HE HOPED THAT THE ORIGINAL SAHEL AIR FREIGHT CONCEPT PROMOTED BY COL. ROBERTSON COULD BE IMPLEMENTED. PAXTON INDICATED, HOWEVER, THAT HE COULD WAIT NO LONGER ON THE UPPER VOLTA COUNCIL OF MINISTERS, AND WOULD HAVE TO PUT THE BELFAST AIRCRAFT INTO OPERATION UNDER LEASING ARRANGEMENTS.

4. PAXTON POINTED OUT THAT, WHILE SOME MAY HAVE DOUBTED HIS MOTIVES, HE HAD IN FACT ALREADY TURNED DOWN OFFERS TO SELL THE AIRCRAFT OUTRIGHT TO NEW BUYERS AT SIGNIFICANT PROFIT. IT SHOULD THEREFORE BE APPARENT, PAXTON FELT, THAT HE HAD BEEN OPERATING WITH GOODWILL THROUGHOUT.

5. THE PAAI PRINCIPALS ASSERTED THAT THE BRITISH MOD WAS AWARE OF THE EUROLATIN DEAL, HAD "NO RPT NO PROBLEMS" WITH IT, AND WOULD NOT RPT NOT OBJECT TO THE LEASING ARRANGEMENTS PAXTON AND HIS ASSOCIATES WOULD NOW TURN TO IN ORDER

TO START GENERATING INCOME FROM THE BELFAST AIRCRAFT.

6. PAXTON, ROBERTSON, AND BARRON THANKED THE STATE DEPARTMENT AND EMBASSY OUAGADOUGOU FOR THEIR ASSISTANCE THROUGHOUT, HOPED THAT EVENTUALLY A SAHEL-WIDE AIR FREIGHT OPERATION COULD BE ESTABLISHED, AND UNDERTOOK TO REMAIN IN TOUCH WITH AF/W. FYI. PAXTON REMAINS CONVINCED THAT PAAI UPPER VOLTA ARRANGEMENT HAS MERIT, AND SUPPORTS IDEA OF DEMONSTRATION FLIGHT. AT THIS POINT, HOWEVER, HE NOT PREPARED TO PIN ANY HOPES ON LONG AWAITED COUNCIL OF MINISTERS ACTION. NEXT STEP, IF ANY, NOW UP TO GOUV. END FYI.
VANCE

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